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NEW ZEALAND: ITS PROBLEMS AND POLICY.

BY THE RIGHT HON. SIR ROBERT STOUT, CHIEF JUSTICE OF NEW ZEALAND, AND THE RIGHT HON. SIR JOSEPH GEORGE WARD, PRIME MINISTER OF NEW ZEALAND.

NEW ZEALAND.

If one is to judge by newspaper and magazine articles, and by the frequent visits of American and European economic experts to New Zealand, this Dominion has attained some celebrity as a place of social experiments. To the New-Zealander this position of New Zealand does not loom large in his conception of his country. We have made social experiments. What their result may be will require many years of trial to show. But if you ask a New-Zealander about his country, he will not boast of these experiments, nor perhaps even mention them. The New-Zealander loves his country, and he will tell you that it is a country of beauty and of most varied scenery. It has the mountains of Switzerland, the fiords of Norway, the lakes and islands of Finland, the woods of Canada and the plains of Central Europe. It has, in short, every variety of physical feature. It has one of the most healthy climates in the world, and it has everything suitable for the greatest and highest enjoyment of life. It has a history, too; and its flora and fauna are in many respects unique. Its aboriginal inhabitants are not excelled by those of America or of other parts of the world in which white races have come in contact with men and women of a different color.

The area of New Zealand, including the surrounding islands, is 104,471 square miles—that is, about the size of the following States: New Hampshire, Massachusetts, Connecticut, New York, New Jersey, Delaware, Maryland and Vermont. There are only four States in the United States larger than New Zealand, viz: California, Texas, Montana and Nevada. The United Kingdom

of Great Britain and Ireland only exceeds it in extent by about 17,000 square miles. It has a considerable stretch of territory, for it consists of two large, long-shaped islands, lying between 34 and 47 degrees of south latitude. Its coast-line, through the indentations of fiords and bays and harbors, is some thousands of miles in extent. It has in the far north a sub-tropical climate, whilst in the south its climate resembles that of the south of England. It is a well-watered country, having in both the North and South Islands high mountains and long ranges, the mountains in the North Island being lower in height than those in the South. Its highest mountain in the South, Aorangi, or Mount Cook, ascends to the height of 12,349 feet; in the North Island the highest mountain, Ruapehu, is a little over 9,000 feet high. There are very large glaciers; in the South Island, the Tasman glacier covering an area of about 14,000 acres. This is larger than the Alletsch glacier in Switzerland. Norway's fiords do not equal the New Zealand sounds. Milford Sound, for example, is long and narrow; near the head of the sound it is more than 200 fathoms deep, with mountains rising almost precipitously from the water's edge to a height of 6,000 feet. It is also a country of lakes, especially in the South Island. It has also a large thermal district more than 100 miles in length, where geysers, hot springs, etc., are continually met with. For scenery, there is perhaps no country in the world that has such variety and such beauty; and if it be remembered that the heats of summer are never excessive nor the colds of winter, that all round the sea-coast and over more than half of the North Island snow is never seen, whilst in the South Island snow does not lie on the lower grounds except occasionally in winter for a few hours, and that the frosts are never excessive, it will be seen that it possesses a pleasant and equable climate. It is not subject to the droughts that occur in Australia, and yet it is a country of blue skies and sunshine. The instruments that have registered the sun's hours at Gisborne, Napier, Nelson and Christchurch show that the average sunshine is between fifty and sixty per cent. of the possible sunshine. This is a higher average than in Italy.

Let me state some of the things that have been done to show how some public affairs are managed in New Zealand, and from these may be gathered the aims of its people. The population of New Zealand is small. It has not as many people as

one of the larger cities of the United States. Its estimated population on the 31st of December, 1906, was 968,797. This included about 60,000 aboriginals and inhabitants of the Pacific Islands annexed to New Zealand. It may be, therefore, that what may be successful with such a limited population may not suit other countries. Being far removed from other countries and near what may be termed the centre of the water hemisphere, we are in a unique position for making social experiments. Australia is 1,200 miles away, and to the east, save the islands that dot the Pacific, there is no land between us and America, which is three weeks distant by steamer.

The first contrast that may be made with other countries is that the Government has kept control of what may be termed "the franchises." It controls large quantities of land. It is the owner of all our railways, and the principal hot springs in the thermal regions are Government property. In the municipalities, the tramways are with one exception owned by the cities in which they are operated. The gas-works and water-works and electric lighting are general municipal property. We have municipal theatres; and the tendency is to increase State action where in most other countries private enterprise is left uncontrolled. We have a Public Trust Office that acts for private persons as trustee, as executor of wills and as administrator of intestate estates; it had recently four and a half million pounds' worth of property and money under its control. The fight of which one reads for the granting of "franchises" in State and municipal life in the United States is unknown amongst us. The doctrine of "eminent domain" in lands is not only recognized but acted upon, for the Government every year is taking large areas of land from private persons, paying to them compensation therefor according to its value, and subdividing these areas into small allotments and offering them for lease to settlers. The Government also in many instances directly constructs its railways without the intervention of a contractor.

One of the experiments that have led to much discussion outside of New Zealand is the Arbitration Act, or the mode of settling differences between employers and employed as to wages and labor conditions. It cannot be said that strikes have been entirely abolished, for on several occasions the awards of the Court have not been acted upon by the workmen. Strikes have

been minimized, and the price of labor has been ascertained not by contract but by "status" through the decision of the Court. Perhaps the benefit of the Arbitration Act has been mainly the creation of a public opinion by deciding what it is fair or right for the employers to pay to the workmen.

Our people generally are a law-abiding people, and so far as crime is concerned, especially serious crime, perhaps there is no part of the world freer from criminal taint. The sanctity of human life is felt and realized, and we read with surprise how criminal procedure in the United States differs from our own. No crime where the criminal is caught goes unpunished for any length of time if the jury convicts the accused. The postponement of a trial to a period more than three or four months after the arrest of a criminal is unknown; and, if there is an appeal to the Appeal Court in a criminal case, the matter is settled within a month or two after the trial. Our Court of Appeal meets three times a year, and there are no remnants. The prisoner has six peremptory challenges on a jury's being empanelled; and challenges for cause, such as seem to take place at almost every criminal trial in America, are almost unknown. During my forty years' connection with the legal profession, I have known of only two challenges for cause and those occurred twenty years apart. I have never heard of the empanelment of any jury in any criminal trial in New Zealand taking more than twenty minutes. If there is at any time a delay even in bringing civil cases to a final determination in the Court of Appeal, the parties themselves are responsible for it. Justice is not delayed in this Dominion.

It may be asked, How stands the wealth of the country, its productions? and its intellectual life? I propose to say a few words about these. First, as to the wealth of New Zealand. As our railways and a considerable area of our lands are Government property, our private wealth cannot be fairly compared with that of other countries. In England, America and elsewhere, the railways, tramways, etc., are privately owned. That is not the case with us. Our total private wealth on the 31st of December, 1905, was estimated at £258,710,000, or, according to the population existing at that date, about £300 per head. Our public wealth, consisting of Crown lands, local authorities' lands, educational lands, church lands, etc., along with the Govern-

ment railways, telegraphs, light-houses, harbor and water-works, amounted to about £62,000,000, making altogether nearly £321,000,000 of wealth in our country, and if the valuation had been made on the 31st of December, 1907, there would have been a very large increase, for land has risen in value very much during the last two years, mainly through the increased prices of our products. Though we have this large amount of private wealth, we have no millionaires among us, and it is hoped we shall never produce that class of settler. We are yet mainly a pastoral people and our stock reports show that we have in round numbers 20,000,000 sheep, nearly 2,000,000 cattle, about 350,000 horses, 250,000 pigs and over 3,000,000 poultry. We have not developed what may be called the higher manufactures to the same extent as older countries, but we have over four thousand establishments, omitting Government railway workshops and printing-offices, and over 56,000 persons engaged in factories, the wages paid being about £4,500,000 a year.

As to the training of intellect, we have made very adequate provision. Every district has a State elementary school. Education is free, compulsory and secular. The number of schools of all kinds, including private schools, at the end of 1905 was 2,148, with 4,868 instructors, and 157,000 pupils. There were, in addition, native schools, that is, Maori or aboriginal schools, numbering 105, with 6,515 scholars. Of secondary schools—including College, Grammar or High Schools, aided or endowed—there are twenty-seven in the Dominion. There are four University Colleges—one in Auckland, one in Wellington, one in Christchurch and one in Dunedin. There is a medical school in Dunedin; there are two mining schools—one in Auckland and one in Dunedin; an engineering school and a school of agriculture in Canterbury, and a school of music in Auckland and in Canterbury, whilst the University Colleges provide for the teaching of arts, sciences and law. There are also several private theological colleges. The University of New Zealand is an examining body, granting degrees and awarding scholarships. In every town of any size there are the usual societies for mental and physical culture. Friendly Societies are well represented throughout the Colony, and they do not seem to have decreased, though we have an old-age pension scheme by which every one who has attained sixty-five years of age and has lived twenty-five years in the

Colony is entitled to a pension of ten shillings a week if he is not in receipt of any income. If he is in receipt of an income not exceeding £52 pounds a year, his pension may be somewhat reduced according to the income that he receives. The amount spent on old-age pensions last year was about £320,000. The New Zealand people are said to be fond of amusements and sports, and they have proved their ability to play football and cricket. They have many other pastimes; and, as the main rivers have been stocked with trout, and deer have been acclimatized, there is no country where sport is so popular.

In order to prevent the accumulation of land in the hands of a few, we have passed a drastic land-tax law, the provisions of which are as follows: a tax for a year by way of ordinary land-tax is one penny in the pound. But, in addition to this, we have the graduated land-tax, by which, where the total unimproved value of all the land of the taxpayer is not less than £5,000, but is less than £7,000, he has to pay an additional one-sixteenth of a penny in the pound on the total unimproved value. If his property is not under £7,000, but is under £9,000, of unimproved value, he has to pay an additional two-sixteenths of a penny in the pound as his graduated tax, this, as in the other case, being payable on the total unimproved value. Each £2,000 means that he has to pay graduated tax added to by one-sixteenth of a penny in the pound, the tax being payable always on the total unimproved value. This goes on up to £15,000, and from there the sixteenth is added for every £2,500 up to £30,000. From £30,000 to £40,000 it is added for each £5,000. Properties between £40,000 and £41,000 are taxed at the rate of eight shillings for every £100 of unimproved value. For every £1,000 over £40,000, the percentage is increased by one-fifth of a shilling, the tax so assessed being payable, as before, over the total unimproved value. If the land was not "business premises," as defined by the Act, it would be taxed at twenty-five per cent. more than the percentage of eight shillings in the £100, and the graduated tax on farm land worth £40,000 would thus be £200, or a total of £366-13-4. A property worth £80,000 would pay sixteen shillings in the £100, or, if not business premises, twenty shillings in the £100. The graduated tax on a farm property the unimproved value of which was £80,000 would thus be £800. This is four times the graduated tax on £40,000, whereas

the ordinary tax would be only twice as much. The graduated tax reaches its maximum at £200,000, the percentage being then two pounds, *plus,* of course, the twenty-five per cent. additional for other than business premises. Absentees pay an extra fifty per cent., and to escape being taxed as an absentee one must have been at least half of the time in New Zealand during the preceding four years. No disposition is effective so long as possession is retained, and there are provisions regarding mortgages to prevent evasion of the tax.

It will, therefore, be apparent that the Government is trying to promote small settlement in two ways—first, by compulsorily purchasing the land of large owners, subdividing and leasing it for long terms of years, with right of renewal, in small areas; second, by discouraging the holding of large blocks through the imposition of the graduated tax.

New Zealand has followed older countries in factory legislation, restricting the hours of work and insisting on proper sanitary provisions for the factories, etc. If the factory legislation, coupled with the decisions of the Arbitration Court on the conditions of labor, were examined, it would be found that New Zealand perhaps provides for shorter hours of labor than any country in the world, and its wages are certainly not less than those paid in any country in the world. There are many social reforms that have been aimed at. We have dealt with the criminal class by the First Offenders' Probation Act and the Habitual Criminals Act. The First Offenders' Act provides that a person, on committing a first crime, if of previous good character, is not imprisoned, but is let out on probation under strict conditions. This Act has been a great success; no less than eighty-four per cent. of persons treated under it have not subsequently come before any Court for any offence. Of the remaining sixteen per cent. five and one-half per cent. were rearrested, two and one-half per cent. absconded, seven and one-half per cent. are still under probation and the balance account for deaths and being in hospital. The Habitual Criminals Act declares that, if a person is convicted a certain number of times, he may be declared a habitual criminal, and he is not released from gaol until it is proved that he is likely to be free from crime for the future.

New Zealand has dealt with the alcoholic question, for it

has a local option law, by which every three years on general election day a vote is taken as to whether licenses are to continue or to be refused or to be reduced. A majority of the electors can reduce licenses. If three-fifths of those who vote cast their ballots for no license, then no license can be issued in that electoral district. There are several districts in the Colony in which no license can be issued.

We have in New Zealand a country with a temperate climate, of much physical beauty and with everything to produce a stalwart race of people. The people are mainly British in origin and have come of good stock. So far the young of the race seem to be as strong and stalwart, especially in the South Island, as their ancestors; and, though those in the extreme north have not the ruddy color of those further south, they do not seem lacking in enterprise and physical ability. It is too early yet to dogmatize about what the future of the race may be, or how they may vary from their ancestors of the Mother-Land or from their kindred in other colonies. The New-Zealander looks, however, to the future with every hope that his race will not be behind any of the other white races of the world.

ROBERT STOUT.

NEW ZEALAND AS IT IS.

IN a world where, for social and political reasons, false issues are continually being presented to the public for acceptance, it may be well at times to give authoritative statements even of a general character to those who wish to have some solid ground on which to base their opinions. This is particularly the case in regard to New Zealand. Its isolated position in a geographical sense and its almost unique position in regard to social economics make it desirable that strangers should be able to select from the cloudy mass of assertion and counter-assertion statements bearing the signet of those who are in a position to be responsible for their utterances.

New Zealand has lately felt stress from two distinct forces bearing upon her from long distances. She has been affected financially (though in comparatively slight degree) by the depression-waves which the Wall Street panic sent outward in wide circles far beyond the United States. She has also been disturbed by

the vague, but serious, unrest which agitates the ranks of the workers in all civilized countries, and which is felt even where the lot of the workers has been ameliorated in a hundred considerate and sympathetic ways. In spite, however, of these temporary vibrations (having their origins beyond seas), the Dominion of New Zealand was never in a more prosperous condition than now, and never gave more solid ground for the certain hope in her future which those who love her cherish.

It is said by enemies, within and without our island boundaries, that we borrow too largely, and that our National Debt is increasing. They are careful, however, to conceal the fact that a very large proportion of our loan-money is accepted for reproductive purposes — that is to say, for purposes which benefit both the lender and the borrower. Since the "Progressive Ministry" came into power until recently, from 1891 to 1908, we have borrowed $138,000,000. Out of that sum, however, $91,000,000 is invested in interest-bearing securities or interest-bearing activities, the cost of which does not fall upon the general taxpayer. Therefore it is idle to talk of this amount as if through it the ordinary citizen is bending under a burden of taxation; the loan-moneys when expended have been disbursed in such directions that the citizen of New Zealand walks cheerfully and alertly, knowing that his light load is like that of some farmer carrying the small sack of seed-corn that will enable him and his children to reap the harvest of the future. Twenty and a half million dollars have been paid to provide struggling settlers and farmers with cheap money, money raised at low interest on the national security, and loaned to farmers to allow them to throw off strangling mortgages and to improve their properties. They pay their small interest gladly, very gladly, and no part falls on the general taxpayer. So, too, under "Lands for Settlement," big private estates have been bought by the Government out of money expressly loaned for this purpose and on the security of such lands themselves. The interest on these loans is paid from the lease rents of small farmers now settled on what were once the princely properties of single individuals. Twenty-nine and a half million dollars have been thus expended. Not only does the whole country benefit indirectly by the settlement and growth of thousands of such families, but no part of the interest is paid by the general citizen. I could extend this statement in detail till the whole of the

ninety-one millions spoken of is accounted for; but it must be acknowledged that, when New Zealand is called a borrowing country, sufficient credit is not generally given to the fact that much of the interest is self-supporting and will in a short time automatically disappear by means of sinking-funds.

In the years during which our Progressive Ministry has held power, the exports rose from $47,000,470 in 1891 to $89,201,730 in 1906; the imports from $32,519,245 in 1891 to $76,057,015 in 1906. That fact alone would show the great energy and prosperity of a people that only in 1907 for the first time raised its number to a million inhabitants. The general welfare of the people cannot thoroughly be gauged by any show of figures, because much of it arises from indirect influences guided by State impulses. Thus, as soon as the railways and other State-owned properties pay above a certain interest on their construction, instead of such gains being handed over to private persons as dividends, the general public benefits by greatly reduced fares and freights. Thus the railway journey (second class) of 250 miles, which in 1900 cost six dollars, in 1908 cost only $3.50. A bale of wool was carried one hundred miles in 1890 for $1.78, but in 1908 for $1.34; and there are special concessions as to the transport of artificial manures, etc., for farmers. Such is the case also with the post-office, telegraphs, telephones and other means of communication. A letter weighing half an ounce sent from New Zealand to Great Britain in 1890 cost twelve cents; in 1908 a full ounce letter could be sent to any English-speaking country for two cents. Yet, although this Colony was the first to try the daring experiment of a two-cent postage all over the world, our post-office handed over $653,070 last year to the Treasury and during the last ten years yielded $3,865,000 of profits. We have bank deposits as follows:

	1897.	1902.	1907.
In the banks.....	$71,452,560	$86,158,835	$117,585,555
In the savings-banks....	27,600,400	39,384,385	64,125,315
Total	$99,052,960	$125,543,220	$181,710,870

I am aware that much of the interest taken in regard to New Zealand by our cousins in the United States centres round our advanced Labor Laws, and particularly round the principle known as "compulsory arbitration." The past session of Parliament has

had probably its most severe task in endeavoring to lift the law of industrial arbitration to a higher level than it had previously occupied. We found that it was with great difficulty that legislative pronouncement could fix with lasting effect any system applying fairly to so flexible and liquid a subject as modern industry. The Act passed in 1894 had for about twelve years a strong influence for good. It so modified the conditions of employer and worker that great benefits were received by both parties. As time went on, it was found that there was too great rigidity in the legal process. Dissatisfaction was widely expressed, and the long-banished strike began to rear its unwholesome head once more. Too much stress had gradually been laid on the compulsory portion of the Act, and too little attention given to conciliation. The new statute endeavors to "get back to conciliation." For this purpose official conciliators are being appointed to settle trade disputes in their earliest stages if possible, or with the aid of a Council of Conciliation appointed by the contending parties. This Council has no judicial powers; it is purely conciliatory, and only on its failure does the case proceed to the Arbitration Court. Strikes and lockouts involving industrial unions registered under the Act are made punishable by fine and by attachment of part of wages, but strikes of persons not working under award or industrial agreement are without penalty. We trust that by means of these amendments of the Act the primal intention of its promoters may be restored, viz.: to make compulsion a last resource and one only to be invoked under rare and extreme circumstances.

The progress of many of our State-governed institutions has been remarkable. Government railways, telegraphs, telephones, coal-mines, life-insurance, accident-insurance, fire-insurance, public trusteeship, old-age pensions, savings-banks, state pensions for all Government employees, etc., have all been successful and flourishing ventures not only from the financial point of view, but from their effect on the comfort and happiness of the people. We hope still to find many ways of perfecting these, and of finding out new paths of usefulness, feeling as untrammelled in the adoption of the best ideas of other countries as we are ready to try new lines of action of our own if they appear to lead in the direction of the star we steer by.

JOSEPH GEORGE WARD.